

COMMITTEE ON GOVERNMENT REFORM
SUBCOMMITTEE ON GOVERNMENT MANAGEMENT, FINANCE AND ACCOUNTABILITY



OVERSIGHT HEARING:
BUSINESS SYSTEMS MODERNIZATION AT THE DEPARTMENT OF DEFENSE

OPENING STATEMENT OF
CHAIRMAN TODD RUSSELL PLATTS
JUNE 8, 2005

On September 10, 2001, Secretary of Defense Donald Rumsfeld outlined his vision for a new DoD. He envisioned a dramatic transformation that would correct problems outlined in hundreds of studies and reports with a common theme: DoD's urgent need to modernize its management structure. From accounting to logistics, the computer systems and business processes that support the Department's operations are cumbersome, inefficient, and hopelessly out-of-date.

The world changed dramatically the day after Secretary Rumsfeld delivered that speech. After September 11, 2001, the entire Federal government re-evaluated its mission and priorities – none more so than DoD. To the Department's credit, the push for management reform was not abandoned. In the face of shifting priorities, wars in Afghanistan and Iraq, and the largest deployment of National Guard and Reserve troops since World War II, the operational impact of management problems has become increasingly apparent. From pay problems to inadequate tracking of supplies, the need to improve management is more important than ever before, and it must be balanced against the urgent need to defend our nation against new threats.

Restructuring what amounts to the world's largest non-market economy would be enough of a challenge without the unique institutional constructs that have contributed to DoD's problems in the past. While the Secretary sets the tone from the top, each branch of the service – Army, Navy, Marine Corps, Air Force – has its own way of doing business, its own natural constituency, and its own appropriations. Yet, each branch cannot act alone. It is imperative that joint operations run smoothly and that information flows freely among the service branches. This is the only way DoD can function as a cohesive unit.

The vision behind Secretary Rumsfeld's plan is not a new idea: several transformation efforts have come and gone at DoD since the 1980s, with billions spent on new computer systems that never performed as expected. This latest effort, however, the **Business Management Modernization Program or BMMP**, has made slow (though steady) progress, earning its share of criticism along the way. DoD officials have responded to critics with program improvements and a shift in focus – away from just balancing the books and towards the true goal of supporting the warfighter.

Congress has a responsibility to guide and oversee this transformation every step of the way, to ensure that goals are clear and that investments in computer systems are made wisely. This hearing is part of that ongoing oversight. We are pleased to have a panel of witnesses with a wealth of knowledge on this topic. First we will hear from **Mr. Gregory D. Kutz**, Director of Financial Management and Assurance at the U.S. Government Accountability Office. Mr. Kutz, thank you for being here today and

for your continued work with the Subcommittee. Mr. Kutz will be accompanied by **Mr. Randy Hite**, who is the Director of Information Technology Architecture and Systems Issues at GAO. We will also hear from officials representing the Department of Defense. **Mr. Thomas Modly**, the Deputy Under Secretary of Defense for Financial Management will represent the Office of the Under Secretary of Defense – Comptroller, and **Mr. Paul A. Brinkley**, Special Assistant to the Under Secretary of Defense - Acquisition, Technology, and Logistics for Business Transformation will testify on behalf of the Business Management Modernization Program. Thank you for being here today, and we look forward to your testimonies.